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**Consolidated Financial Results
for the Nine Months Ended December 31, 2020
<under Japanese GAAP>**

F-TECH INC.

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1. Qualitative information regarding financial results for the period under review

(1) Information regarding operating results

The global economy in the nine months ended December 31, 2020 experienced a significant downturn due to the prolonged impact of the novel coronavirus. While economic activities have been gradually resuming and vaccinations started in some areas, the outlook for the containment of the novel coronavirus remains unpredictable mainly due to the newly discovered mutant strain of the virus. In the automotive industry, normalization proceeded rapidly in China and signs of improvements were seen in other regions from the summer. However, the future outlook remained uncertain owing to the impact of the severe third wave of the novel coronavirus and the current shortage of automotive semiconductors.

In this business environment, the Group launched the 14th Mid-term plan in April of the fiscal year under review. While maintaining the basic policies of “Back to Basics” and “Challenge for New,” we have established a global policy of “Let’s exceed our limits! We will, without compromise, produce the “Best One” for all our customers.” Under this global policy, while striving to prevent the novel coronavirus infections, we have been working to provide our customers with new value and have made efforts to obtain new business. This led the Group to win major new business contracts in Japan. In addition, we have been working with the objective of exceeding limits in order to deal with the severe corporate environment we face at present, by such means as minimizing investment, engaging in various improvement activities, and conducting cost reduction with a focus on unnecessary, nonurgent matters. As a result, during the nine months under review, net sales decreased by 20.6% year on year to 130,701 million yen, operating profit decreased by 57.0% year on year to 1,245 million yen, ordinary profit decreased by 81.6% year on year to 320 million yen, and loss attributable to owners of parent was 2,090 million yen (loss attributable to owners of parent of 725 million yen in the same period of the previous year).

Operating results by segment are as follows.

(Japan)

Net sales decreased by 24.9% year on year to 14,821 million yen due to a sharp decline in the volume of orders from major customers as a result of the spread of the novel coronavirus infection in the first quarter, despite the current recovery trend. Operating loss was 106 million yen (an operating loss of 753 million yen in the same period of the previous year) due to the cost reduction effect.

(North America)

Net sales fell by 20.8% year on year to 80,073 million yen and operating loss was 1,032 million yen (an operating profit of 314 million yen in the same period of the previous year) due to a sharp decline in the volume of orders from major customers as a result of the spread of the novel coronavirus infection in the first quarter, despite the current recovery trend.

(Asia)

Net sales decreased by 18.4% year on year to 35,806 million yen and operating profit decreased by 13.4% year on year to 2,701 million yen due to a sharp decline in the volume of orders from major customers as a result of the spread of the novel coronavirus infection in the first quarter, despite the rapid recovery trend from the second quarter.

(2) Information regarding financial position

As of December 31, 2020, total assets decreased by 1,323 million yen compared with the end of the previous fiscal year to 132,714 million yen, reflecting decreases in cash and deposits, machinery, equipment and vehicles, and other items.

Liabilities increased by 1,852 million yen from the end of the previous fiscal year to 81,598 million yen, reflecting increases in notes and accounts payable - trade and other items.

Net assets decreased by 3,176 million yen to 51,116 million yen reflecting decreases in retained earnings and other items.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

No revisions have been made to the earnings forecasts for the fiscal year ending March 31, 2021 announced on August 6, 2020.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	8,879	5,684
Notes and accounts receivable - trade	27,955	29,429
Merchandise and finished goods	6,389	5,965
Work in process	4,026	4,197
Raw materials and supplies	8,677	8,182
Other	3,027	3,027
Total current assets	58,956	56,486
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,205	16,718
Machinery, equipment and vehicles, net	32,450	29,843
Construction in progress	6,750	10,741
Other, net	11,308	10,649
Total property, plant and equipment	66,714	67,953
Intangible assets	363	335
Investments and other assets		
Investment securities	5,960	6,219
Other	2,044	1,720
Total investments and other assets	8,004	7,939
Total non-current assets	75,081	76,228
Total assets	134,038	132,714

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,427	18,449
Short-term loans payable	20,395	20,223
Current portion of long-term loans payable	9,740	9,627
Income taxes payable	500	604
Provision for directors' bonuses	77	21
Other	7,271	8,387
Total current liabilities	55,412	57,313
Non-current liabilities		
Long-term loans payable	19,146	18,913
Provision for directors' retirement benefits	126	54
Net defined benefit liability	1,050	1,004
Negative goodwill	50	46
Other	3,958	4,265
Total non-current liabilities	24,333	24,284
Total liabilities	79,745	81,598
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	7,230	7,236
Retained earnings	27,912	25,621
Treasury shares	(18)	(64)
Total shareholders' equity	41,914	39,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174	337
Foreign currency translation adjustment	(1,657)	(1,861)
Remeasurements of defined benefit plans	(295)	(150)
Total accumulated other comprehensive income	(1,778)	(1,674)
Non-controlling interests	14,156	13,207
Total net assets	54,292	51,116
Total liabilities and net assets	134,038	132,714

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	164,685	130,701
Cost of sales	149,798	119,140
Gross profit	14,887	11,560
Selling, general and administrative expenses	11,993	10,314
Operating profit	2,894	1,245
Non-operating income		
Interest income	55	48
Dividend income	41	30
Share of profit of entities accounted for using equity method	-	61
Other	131	148
Total non-operating income	229	288
Non-operating expenses		
Interest expenses	824	608
Share of loss of entities accounted for using equity method	232	-
Foreign exchange losses	249	552
Other	77	51
Total non-operating expenses	1,383	1,213
Ordinary profit	1,739	320
Extraordinary income		
Gain on sales of non-current assets	8	13
Subsidy income	-	1,572
Gain on sales of investment securities	-	6
Other	1	-
Total extraordinary income	9	1,592
Extraordinary losses		
Loss on sales of non-current assets	3	12
Loss on retirement of non-current assets	33	66
Loss attributable to the novel coronavirus	-	2,558
Total extraordinary losses	37	2,638
Profit (loss) before income taxes	1,711	(724)
Income taxes - current	1,616	1,349
Income taxes - deferred	614	252
Total income taxes	2,231	1,601
Loss	(519)	(2,326)
Profit attributable to		
Loss attributable to owners of parent	(725)	(2,090)
Profit (loss) attributable to non-controlling interests	205	(235)
Other comprehensive income		
Valuation difference on available-for-sale securities	42	141
Foreign currency translation adjustment	(1,052)	(5)
Remeasurements of defined benefit plans, net of tax	112	141
Share of other comprehensive income of entities accounted for using equity method	(17)	15
Total other comprehensive income	(916)	293
Comprehensive income	(1,435)	(2,032)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,302)	(1,987)
Comprehensive income attributable to non-controlling interests	(133)	(45)

(3) Notes to quarterly consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Substantial changes in the amount of shareholders' equity

Not applicable.

Application of special accounting for preparing quarterly consolidated financial statements

(Calculation of tax expenses)

Tax expenses in the quarterly consolidated financial statements for a portion of consolidated subsidiaries are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the third quarter ended December 31, 2020, and next by multiplying the quarterly profit (loss) before income taxes by such estimated effective tax rate.

Additional information

There are no material changes to the assumptions of accounting estimates regarding the impact from the novel coronavirus infection stated in the securities report for the previous consolidated fiscal year (Additional information).

In the nine months ended December 31, 2020, in relation to the spread of the novel coronavirus, a government subsidy of 1,572 million yen is recorded as extraordinary income, and fixed costs, etc. arising from operation suspensions and reductions due to the government's request of 2,558 million yen are recorded as extraordinary losses.

Segment information, etc.

Segment information

I. Nine months ended December 31, 2019

1. Disclosure of net sales and profit for each reportable segment

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	19,740	101,091	43,853	164,685
Intersegment sales and transfers	8,411	1,152	2,055	11,620
Total	28,152	102,244	45,909	176,306
Segment profit (loss)	(753)	314	3,120	2,681

2. Differences between total amounts of profit (loss) for reportable segments and amounts in the consolidated statements of income and comprehensive income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	2,681
Elimination of intersegment transactions	212
Operating profit in the consolidated statements of income and comprehensive income	2,894

3. Disclosure of impairment loss on non-current assets and goodwill, etc. for each reportable segment
Not applicable.

II. Nine months ended December 31, 2020

1. Disclosure of net sales and profit for each reportable segment

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	14,821	80,073	35,806	130,701
Intersegment sales and transfers	10,475	896	2,004	13,376
Total	25,296	80,970	37,810	144,078
Segment profit (loss)	(106)	(1,032)	2,701	1,562

2. Differences between total amounts of profit (loss) for reportable segments and amounts in the consolidated statements of income and comprehensive income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	1,562
Elimination of intersegment transactions	(317)
Operating profit (loss) in the consolidated statements of income and comprehensive income	1,245

3. Disclosure of impairment loss on non-current assets and goodwill, etc. for each reportable segment
Not applicable.

Significant events after reporting period

Not applicable.